

## MEMORANDUM



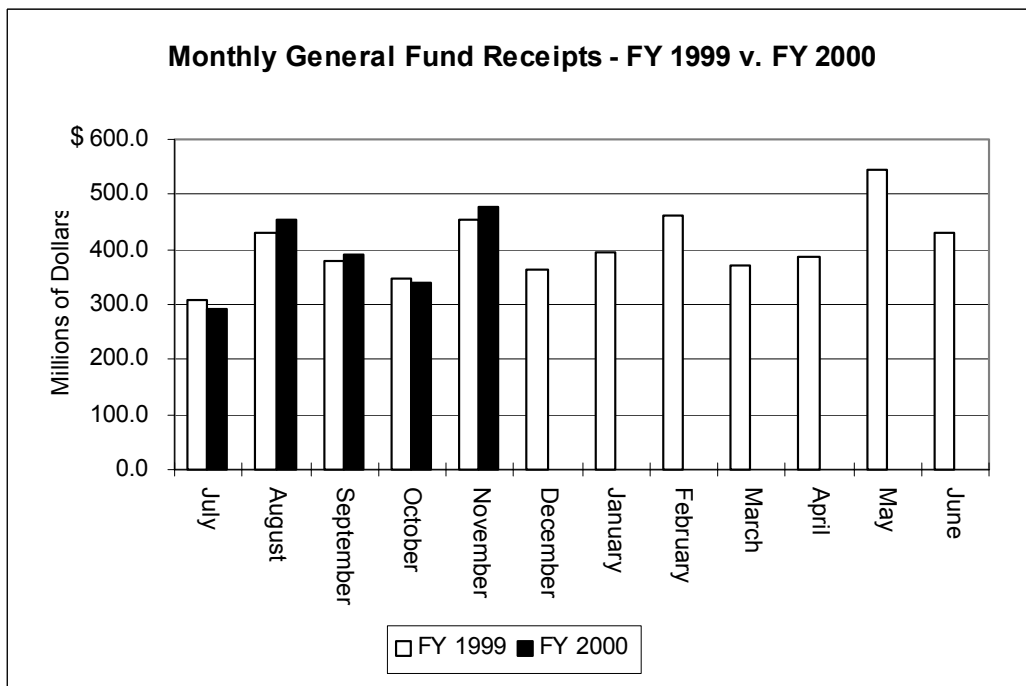
TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: December 1, 1999

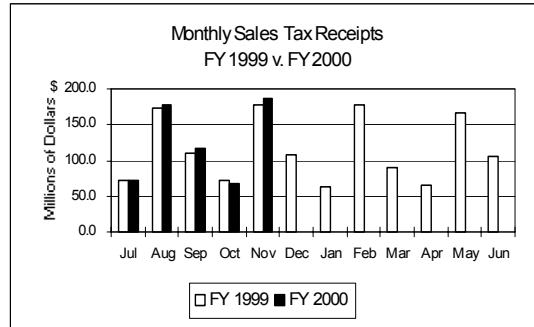
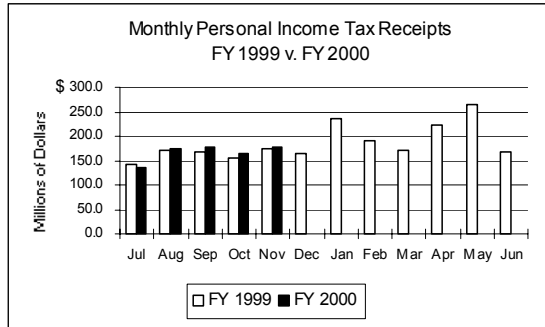
### General Fund Receipts Through November 30, 1999

The attached spreadsheet represents total FY 2000 General Fund receipts, with comparable figures for actual FY 1999. These can be compared to the latest FY 2000 estimate (\$5.050 billion) set by the Revenue Estimating Conference (REC) on October 18, 1999. The estimate represents an increase of \$170.1 million (3.5%) compared to FY 1999. The next meeting of the REC is scheduled for December 9, 1999.



## FY 2000 Compared to FY 1999

Year-to-date FY 2000 revenue growth increased by \$34.4 million (1.8%) compared to FY 1999. This is below the REC estimate of 3.5% for FY 2000. Total November 1999 revenues increased \$26.2 million (5.8%) compared to November 1998.



**Gross personal income tax** revenues received in November were \$0.9 million (0.6%) more than November 1998. Year-to-date growth in personal income tax is \$13.1 million (1.6%) more than FY 1999.

Withholding receipts increased in November, increasing by 0.3% compared to November 1998. Year-to-date growth in personal income tax withholding receipts is \$39.4 million (5.7%) more than FY 1999.

Estimate payments increased in November, posting a gain of \$90,000 (5.4%) compared to November 1998. Year-to-date growth in personal income tax estimate payments is \$26.2 million (22.1%) less than FY 1999. July and October 1998 estimate payments were very strong, but moderated through the remaining months of FY 1999. Year-to-date experience indicates that FY 2000 estimate payments will more closely follow the lower level of the second half of FY 1999.

The REC FY 2000 income tax estimate of \$2.336 billion represents a projected increase of 4.6% compared to actual FY 1999.

**Sales tax** receipts in November were \$9.3 million (5.3%) more than November 1998. Growth in FY 2000 sales tax stands at \$16.0 million (2.6%) compared to FY 1999. The primary cause of growth for the month was a large increase in quarterly sales tax payments. Quarterly payments increased by \$8.7 million (13.5%) compared to November 1998. The timing effect on receipts from the growth in the number of localities utilizing the local option sales tax was the primary cause for November's large percentage increase.

The REC estimate for FY 2000 sales tax receipts is \$1.445 billion, an increase of 4.9% compared to actual FY 1999.

**Corporate income tax** receipts in November were \$0.5 million (3.8%) more than November 1998. Return payments were the primary cause of the gain for November. Return payments received in November were \$1.1 million (7.7%) more than November 1998. Growth in overall FY 2000 corporate income tax payments are \$4.5 million (4.4%) below the FY 1999 level.

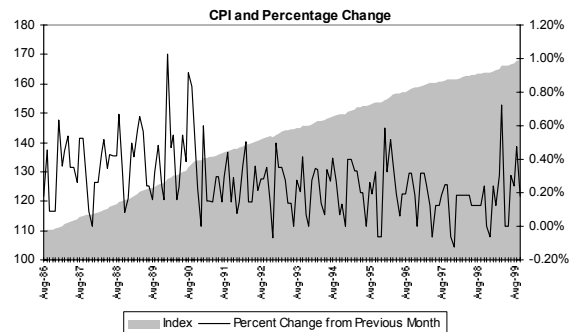
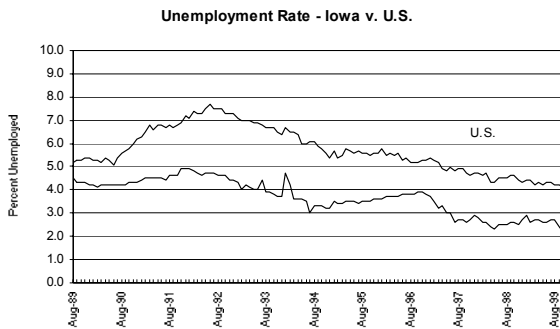
The REC projected FY 1999 corporate income tax receipts would total \$316.1 million, a decrease of 1.8% compared to actual FY 1999.

**Racing and gaming** receipts to the General Fund in November reached their statutory cap of \$60.0 million during November. All racing and gaming receipts in excess of \$60.0 million are deposited in the Rebuild Iowa Infrastructure Fund. As a result, activity in these accounts has little direct impact on the General Fund. Racing and gaming receipts reached their statutory cap 17 days earlier than in FY 1999. The REC estimated that \$112.2 million from this source would be deposited to the Infrastructure Account in FY 2000.

## Status of the Economy

The seasonally adjusted percent unemployed for the State in October fell from September's rate of 2.4% to 2.2%. The unemployment rate a year ago was 2.6%. Iowa's total October employment registered 1,548,200, up from September's level of 1,545,900. The number of unemployed persons in Iowa stood at 35,200 in October, which is down from September's level of 37,800. The U.S. unemployment rate fell in October to 4.1% compared to the 4.2% rate in September.

Consumer prices in October rose by 0.2% from September's level. The Consumer Price Index (CPI-U) through October 1999 was 168.2 (1983=100), which is 2.6% higher than one year. The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through October 1999.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616) or Larry Sigel (515-281-4611).

GENERAL FUND RECEIPTS - FY 2000 vs. FY 1999						ESTIMATED GENERAL FUND RECEIPTS in millions of dollars		
July 1, 1999, through November 30, 1999, in millions of dollars						FY 99 Actual Compared to FY 00 REC Estimate		
	FY 1999	FY 2000	Year to Date		November	Actual	Estimate	% CHANGE
	\$	\$	FY 2000	% CHANGE	% CHANGE	FY 1999	FY 2000	% CHANGE
Personal Income Tax	813.9	827.0		1.6%	0.6%	2,233.7	2,335.7	4.6%
Sales Tax	605.7	621.7		2.6%	5.3%	1,377.5	1,444.8	4.9%
Use Tax	115.4	112.1		-2.9%	-1.8%	242.7	251.3	3.5%
Corporate Income Tax	101.5	97.0		-4.4%	3.8%	321.8	316.1	-1.8%
Inheritance Tax	41.7	56.4		35.3%	140.0%	90.1	95.3	5.8%
Insurance Premium Tax	0.4	0.1		-75.0%	n/m	114.3	119.0	4.1%
Cigarette Tax	40.0	38.7		-3.3%	-2.6%	92.3	89.0	-3.6%
Tobacco Tax	2.9	2.7		-6.9%	-40.0%	6.5	6.8	4.6%
Beer Tax	5.9	6.1		3.4%	-9.1%	13.1	13.1	0.0%
Franchise Tax	11.3	10.3		-8.8%	150.0%	33.8	32.9	-2.7%
Miscellaneous Tax	1.6	1.1		-31.3%	400.0%	1.1	1.1	0.0%
Total Special Taxes	\$ 1,740.3	\$ 1,773.2		1.9%	5.5%	\$ 4,526.9	\$ 4,705.1	3.9%
Institutional Payments	24.3	19.9		-18.1%	12.3%	49.7	46.1	-7.2%
Liquor Transfers:								
Profits	11.0	12.5		13.6%	33.3%	32.3	34.5	6.8%
7% Gross Revenue	3.8	3.8		0.0%	0.0%	9.0	9.0	0.0%
Interest	10.1	9.8		-3.0%	12.0%	34.1	24.0	-29.6%
Fees	22.1	23.8		7.7%	23.1%	58.3	65.0	11.5%
Judicial Revenue	16.2	19.0		17.3%	18.8%	48.3	53.3	10.4%
Miscellaneous Receipts	33.3	32.9		-1.2%	58.1%	61.3	53.0	-13.5%
Racing and Gaming Receipt	59.1	60.0		1.5%	-28.1%	60.0	60.0	0.0%
TOTAL RECEIPTS	1,920.2	1,954.6		1.8%	5.8%	\$ 4,879.9	\$ 5,050.0	3.5%